February 2020

		Fund			S&P500 Index	
		Performance	*Inception to Date*		*Performance*	*Inception to Date*
2005		**+14.01%**	**+14.01%**		**+4.78%**	**+4.78%**
2006		**+16.91%**	**+33.29%**		**+13.62%**	**+19.05%**
2007		**+4.06%**	**+38.70%**		**+3.53%**	**+23.25%**
2008		**-47.99%**	**-27.86%**		**-38.49%**	**-24.18%**
2009		**+42.74%**	**+2.97%**		**+23.45%**	**-6.40%**
2010		**+24.94%**	**+28.65%**		**+12.78%**	**+5.57%**
2011		**+1.79%**	**+30.96%**		**0.00%**	**+5.56%**
2012		**+24.17%**	**+62.61%**		**+13.41%**	**+19.71%**
2013		**+42.96%**	**+132.46%**		**+29.60%**	**+55.15%**
2014		**+3.92%**	**+141.59%**		**+11.39%**	**+72.82%**
2015		**-2.10%**	**+136.51%**		**-0.73%**	**+71.56%**
2016		**+31.95%**	**+212.07%**		**+9.54%**	**+87.93%**

	MTD	*YTD*	*ITD*	*MTD*	*YTD*	*ITD*
2017		**+13.43%**	**+254.00%**		**+19.42%**	**+124.42%**
2018		**-20.44%**	**+181.65%**		**-6.24%**	**+110.42%**
2019		**+27.60%**	**+259.39%**		**+28.88%**	**+171.19%**
Jan 2020	**-4.77%**	**-4.77%**	**+242.23%**	**-0.16%**	**-0.16%**	**+170.75%**
Feb 2020	**-8.52%**	**-12.89%**	**+213.08%**	**-8.41%**	**-8.56%**	**+147.98%**

In February the Fund fell by 8.52% and the S&P500 fell by 8.41% as the market went into a deflationary spin from the 24th on the realisation the corona virus is following a different trajectory from SARS. The consequence was a surge in the bond market to historic highs. The 10 year yield fell to 1%, an all time low, and new records of negative yielding debt worldwide occurred.

Small stocks got crushed all around the world on the sudden and immediate revisitation of the spectre of recession. The Regional Banking Index (ETF: KRE) fell 15% in the last five days of February reverting to be near its December 2018 low. Disappointing for a low beta index. The Community Banking Index (QABA) fell 13% to be in a similar position, presumably falling less as its less visited stocks found it difficult to collapse quite so quickly. We thus parted company with an old friend, Bank of South Carolina, a high quality bank in Charleston we have held for a decade, just because it was unchanged. A decision that we'll presumably regret in the fullness of time.

It is disappointing to be always underperforming the S&P500 but this twist looks like that will be the case for this year too. We are more aligned with what is going on everywhere outside the biggest few US stocks and we are doing fine against any indices we might reasonably be compared with. Our weighting in community banks is in the high thirties, which are now mainly back to single digit P/Es, as they were at the end of 2018.

In a world of zero interest rates and restricted physical activity, the answer would appear to be simple: software stocks. They can go to ever higher multiples less impeded by any challenges to their growth rate. Regrettably, that is not a category the Fund will ever embrace. Just not us.